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August 20, 2001

01-194

VIA HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Room TW-B-204
445 12th Street, S.W.
Washington, D.C. 20554

RECEIVED

AUG 20 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Joint Application by SBC Communications Inc., et al. for Provision of In-Region, InterLATA Services in Arkansas and Missouri

Dear Ms. Salas:

Accompanying this letter is Southwestern Bell's Joint Application for Provision of In-Region, InterLATA Services in Arkansas and Missouri. On April 4, 2001, Southwestern Bell submitted an application for provision of such services in Missouri (CC Docket No. 01-188). That application was subsequently withdrawn. The Joint Application filed today incorporates by reference six of the appendices that Southwestern Bell filed in its previous Missouri application. These six appendices were identified in the initial Missouri application as Appendices B through G, and are referred to below and in the Joint Application as Appendices B-Missouri (or "B-MO") through G-Missouri (or "G-MO").

Pursuant to the Commission's filing requirements, the following are being provided with this letter:

- Two CD-ROM sets containing the entire Joint Application, in electronic form, redacted for public inspection. The Joint Application includes a brief in support of the Joint Application and thirteen appendices containing supporting documentation (five for Arkansas and eight for Missouri). Although, as noted, the Joint Application incorporates by reference six appendices previously filed in CC Docket No. 01-188,

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REDACTED – For Public Inspection

for the convenience of the Commission, the electronic copies of the Joint Application filed today contain those six appendices, in addition to the remainder of the Joint Application.

- One original and one copy of the Joint Application in paper form, redacted for public inspection. This original and copy each contains the entire Joint Application, except for the appendices (B-MO through G-MO) that Southwestern Bell incorporates by reference.
- One original in paper form of only those portions of the Joint Application that contain confidential information. This includes portions of Appendix A-AR (Affidavits), Appendix C-AR (Section 271 Proceeding), Appendix E-AR (Selected Documents), Appendix A-MO (Affidavits), and Appendix H-MO (Supplemental Material). Previously submitted in CC Docket 01-188, and, again, incorporated here by reference, are confidential portions of Appendix C-MO (Section 271 Proceeding), Appendix D-MO (Collocation), and Appendix G-MO (Selected Documents). A copy of this letter accompanies the confidential portions of the Joint Application. The material designated as confidential includes information relating to Southwestern Bell's wholesale and retail operations in Arkansas and Missouri, as well as other information containing trade secrets. None of this information is disclosed to the public, and disclosure would cause substantial harm to the competitive position of Southwestern Bell. As such, we are requesting that these portions of the Joint Application receive confidential treatment by the Commission.

We are submitting a copy of the Joint Application, in paper form, redacted for public inspection and with the exception of Appendices B-MO through G-MO, to ITS (the Commission's copy contractor). In addition, we are providing the Common Carrier Bureau with 30 copies of the brief and 20 copies each of Appendices A-AR and A-MO in paper form, as well as 20 CD-ROM versions of the entire Joint Application in electronic form, all redacted for public inspection.

We are also submitting two copies of this cover letter and the confidential material to Scott Bergman, Policy and Program Planning Division, Common Carrier Bureau, Federal Communications Commission, Room 5-C-327, 455 12th Street, S.W., Washington, D.C. 20554 and to Katherine E. Brown, U.S. Department of Justice, 1401 H Street, N.W., Suite 8000, Washington, D.C. 20530. Finally, we are providing the Department of Justice with seven copies of the brief, seven copies of Appendices A-AR and A-MO in paper form, and seven CD-ROMs containing the entire Joint Application in electronic form, all redacted for public inspection.

All inquiries relating to access (subject to the terms of any applicable protective order) to any confidential information submitted by Southwestern Bell in support of the Joint Application should be addressed to:

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Magalie Roman Salas
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Page 3

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Finally, we are submitting with this cover letter one original and four copies of Southwestern Bell's Motion to Adjust Page Limits.

Please date-stamp the extra copy of this letter and return it to the individual delivering this package. If you have any questions, please contact me at (202) 326-7968. Thank you for your assistance in this matter.

Yours truly,

A handwritten signature in black ink, appearing to read "Colin S. Stretch".

Colin S. Stretch

Encs.

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

AUG 20 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Joint Application by SBC Communications
Inc., Southwestern Bell Telephone Company,
and Southwestern Bell Communications
Services, Inc. d/b/a Southwestern Bell Long
Distance for Provision of In-Region,
InterLATA Services in Arkansas and Missouri

CC Docket No. 01-194

To: The Commission

**BRIEF IN SUPPORT OF THE JOINT APPLICATION
BY SOUTHWESTERN BELL FOR PROVISION OF IN-REGION,
INTERLATA SERVICES IN ARKANSAS AND MISSOURI**

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August 20, 2001

EXECUTIVE SUMMARY

With this Joint Application, Southwestern Bell seeks authority to provide long-distance telecommunications services to the citizens of Arkansas and Missouri. Now that this Commission has granted such authority to Southwestern Bell in Texas, Kansas, and Oklahoma, and to Verizon in New York, Massachusetts, and Connecticut, the requirements of 47 U.S.C. § 271 are clear. As demonstrated in detail below and in the more than 110,000 pages of supporting materials, Southwestern Bell has satisfied the requirements for section 271 relief in both Arkansas and Missouri. Accordingly, the Arkansas Public Service Commission ("Arkansas PSC") and the Missouri Public Service Commission ("Missouri PSC"), after nearly two-and-a-half years of reviewing Southwestern Bell's compliance with the requirements of section 271, have issued final orders, comprehensively reviewing Southwestern Bell's compliance with the competitive checklist and recommending that this Commission approve the application to provide in-region, interLATA services in their respective states.

On April 4, 2001, Southwestern Bell filed an initial application for long-distance authority in Missouri. Southwestern Bell believed at the time that it had fully satisfied the statutory requirements for this Commission to grant the application. During the course of the initial proceedings, the Commission Staff raised a number of questions that Southwestern Bell simply required more time to answer in light of the 90-day statutory deadline. On June 7, 2001, Southwestern Bell withdrew its initial application. Some of the issues that the Staff raised are region-wide, so they apply to Arkansas as well as to Missouri. Others are state-specific. This Brief will concentrate on the issues that the Commission Staff identified during the course of the initial Missouri proceedings, as well as on certain issues unique to Arkansas.

Specifically, in this Joint Application, Southwestern Bell will concentrate on three principal issues. First, the prices charged for UNEs in both Arkansas and Missouri clearly fall within a range of reasonableness that the proper application of the Commission's total element long run incremental cost ("TELRIC") methodology would produce. In Arkansas, by virtue of the Arkansas PSC's conclusion that it could not establish wholesale rates under state law, Southwestern Bell has effectively borrowed from Kansas the recurring and nonrecurring rates for UNEs. Southwestern Bell has also modified the geographic zone definitions in Arkansas to match more closely the definitions in Kansas.

In Missouri, where the state commission conducted an exhaustive and thorough proceeding to establish cost-based UNE rates, there is simply no question that the rates were established using a cost-based methodology that is entirely consistent with this Commission's pricing rules. Indeed, the only challenge that any carrier ever brought against the Missouri rates was the one brought by Southwestern Bell, claiming that the rates were too low. AT&T, for example, not only never challenged the rates but affirmatively defended the Missouri PSC's pricing methodology in federal court. Notwithstanding the fact that the Missouri UNE rates are TELRIC-based, Southwestern Bell has nonetheless decided voluntarily to reduce prices for certain elements (concentrating primarily on the elements that make up the UNE platform or "UNE-P") in order to remove any doubt that the UNE rates fall within an appropriate "range of reasonableness."

Second, Southwestern Bell has corrected a backlog of inaccurate records in its loop maintenance operations system ("LMOS") and has now implemented several process enhancements to ensure that CLECs will continue to be able to issue electronic trouble reports in substantially the same time and manner as Southwestern Bell is able to do for its own retail

customers. Moreover, Southwestern Bell has engaged Ernst & Young to verify management's assertion that the inaccurate records have now been corrected and that systems and processes are in place to minimize the likelihood that errors will occur in the future. In those rare cases where, for whatever reason, a CLEC is unable to open a trouble ticket electronically, the CLEC may open a ticket manually. Over the past 13 months, SWBT has actually resolved troubles on manually submitted tickets slightly faster than on electronically submitted tickets. Southwestern Bell has also implemented procedures to ensure that its performance measurements correctly capture the number of trouble reports submitted by whatever means.

Third, to the extent that any SBC affiliate provides an advanced telecommunications service at retail, Southwestern Bell offers such services at a wholesale discount to other carriers interested in reselling such services. Southwestern Bell's advanced services affiliate has entered into agreements in both Arkansas and Missouri to allow CLECs to resell the advanced services it provides at retail by offering such services at the wholesale discount applicable to Southwestern Bell's own retail services. With respect to telecommunications services that Southwestern Bell provides only at wholesale to unaffiliated Internet service providers ("ISPs"), those services are not provided "at retail" within the meaning of section 251(c)(4), so there is no obligation to sell them to CLECs at a wholesale discount. Moreover, the high-speed DSL Internet access service that SBC sells at retail through its ISP affiliate is an information service, not a telecommunications service. That high-speed DSL Internet access service is, like every information service, provided "via telecommunications," and Southwestern Bell satisfies its legal obligations by making such telecommunications available to unaffiliated ISPs under the same terms and conditions that it makes such service available to its own ISP.

The level of competitive entry in both Arkansas and Missouri establishes that the local market in both states is open to competition. Indeed, 15 CLECs have now opted into the Missouri 271 Agreement and five have opted into the Arkansas 271 Agreement, both of which go beyond what federal law now requires. As this Commission explained when granting section 271 relief in Kansas and Oklahoma, “SWBT has taken the statutorily required steps to open its local exchange markets to competition.” Kansas/Oklahoma Order* ¶ 1. That was true in Texas, Kansas, and Oklahoma, and it is true in both Arkansas and Missouri.

Not only are interconnection agreements with substantially similar non-price provisions available to CLECs in Arkansas and Missouri, but the same systems and processes for pre-ordering, ordering, billing, and maintenance and repair are in place to ensure that CLECs have a meaningful opportunity to compete. Moreover, CLECs in Arkansas and Missouri have access to the same change management process (“CMP”) and performance penalty plans to ensure that Southwestern Bell lives up to the terms of its agreements. And CLECs can measure Southwestern Bell’s performance in the same way that they do in Texas.

The data in Arkansas and Missouri show that Southwestern Bell’s overall performance has been outstanding. In Arkansas, CLECs have demonstrated their ability to compete with Southwestern Bell by capturing at least 57,500 (and probably closer to 82,500) lines in the Arkansas business market, and they likewise serve at least 39,000 residential lines in Southwestern Bell territory in the State. Southwestern Bell has more than 100 approved interconnection and/or resale agreements with CLECs in Arkansas, and approximately 12 CLECs are currently providing facilities-based local voice service. These competing carriers

* Memorandum Opinion and Order, Joint Application by SBC Communications Inc., et al., for Provision of In-Region, InterLATA Services in Kansas and Oklahoma, CC Docket No. 00-217, FCC 01-29 (rel. Jan. 22, 2001).

have focused on serving businesses in the Little Rock and Fayetteville markets, but they are winning significant numbers of customers in smaller towns as well. All told, CLECs are now serving between 8.6 and 10.3 percent of Arkansas access lines.

In Missouri, CLECs have captured at least 231,000 (and probably closer to 385,000) lines in the business market, and they serve at least 64,000 (and probably closer to 82,000) residential lines in Southwestern Bell territory in the State. Southwestern Bell has 112 approved interconnection and/or resale agreements with CLECs in Missouri, and more than 20 CLECs are currently providing facilities-based local voice service. Although CLECs have concentrated their efforts on serving businesses in the St. Louis and Kansas City markets, they are winning customers in smaller towns as well. CLECs now serve between 10.2 and 15.3 percent of Missouri access lines.

Southwestern Bell is providing every item on section 271's 14-point competitive checklist. Southwestern Bell has provisioned thousands of unbundled local loops and loop/port combinations in both Arkansas and Missouri. CLECs also can order "UNE Platforms," which consist of a local loop pre-assembled with the necessary switching facilities. In Arkansas, Southwestern Bell has installed more than 20,000 interconnection trunks to send calls to and receive calls from CLEC customers. In Missouri, the number exceeds 114,000. Former Southwestern Bell customers in Arkansas have taken tens of thousands of Southwestern Bell telephone numbers with them to CLECs using local number portability. In Missouri, the number is greater than 250,000.

To order these items and deliver their service-related requests, CLECs in both Arkansas and Missouri can choose from a wide selection of electronic (and manual) operations support systems ("OSS"). These include industry-standard systems; customized systems that have not

been required by regulators or industry standard-setting bodies, but that were developed by Southwestern Bell and offered to fit particular CLECs' business plans; and proprietary systems used by Southwestern Bell's own retail representatives. Southwestern Bell's OSS have met other carriers' needs by processing more than 570,000 CLEC orders specifically for Arkansas through June 2001 and more than one million CLEC orders in Missouri. In addition to this commercial experience, the same Southwestern Bell systems, processes, and procedures used in Arkansas and Missouri were subjected to a third-party test under the auspices of the Texas Commission.

The openness of the Arkansas and Missouri local markets is verifiable, on an ongoing basis, through an extensive performance monitoring program. Southwestern Bell provides monthly reports on approximately 650 aspects of its wholesale service in both states, under plans developed with CLECs and the Department of Justice ("DOJ") during proceedings before the Texas Commission. The most recent data available indicate that Southwestern Bell's performance in both Arkansas and Missouri met or surpassed parity or benchmark standards for approximately 90 percent of the performance measures having ten or more data points during at least two of the last three months (April – June 2001) for which data are available.

It is undeniable that Southwestern Bell's entry into the long-distance market in Arkansas and Missouri will be in the public interest. After only six months in the long-distance business in Texas, Southwestern Bell had 1.7 million long-distance lines, representing 1.4 million customers. The Big Three interexchange carriers have responded with promotions, free gifts, and bundled service offerings. Since the Texas application was approved, AT&T reduced its long-distance rates in Texas by more than 50 percent – from 15 cents a minute to seven cents a minute – and WorldCom and Sprint have rolled out new long-distance offerings. And on the eve of

Southwestern Bell's scheduled launch of long-distance service in Kansas and Oklahoma, AT&T announced a special deal according to which its long-distance customers in those states would receive 30 free minutes of long-distance calling. This Commission should allow consumers in Arkansas and Missouri to reap the same benefits.

And such benefits are not limited to long-distance competition. As reflected in the growth of such competitive indicators as lines captured by facilities-based CLECs, collocation arrangements, and orders processed in the months since the granting of Southwestern Bell's section 271 application for Texas, the prospect of Southwestern Bell's participation in the long-distance market has provided CLECs a powerful incentive to invest in local competition.

To further the public interest in ensuring that Southwestern Bell continues to provide its current high level of service to competing carriers, Southwestern Bell has proposed a plan under which it would pay affected CLECs, as well as the Arkansas and Missouri state treasuries, if Southwestern Bell fails to meet those standards. In the event of deficient performance in Arkansas, for example, Southwestern Bell's payments to CLECs and the Arkansas state treasury could be as much as \$43 million per year. In Missouri, Southwestern Bell's payments to CLECs and the state treasury could be as much as \$98 million per year. The potential liability in both states is virtually the same – measured as a percentage of net revenue – that was approved in Texas, Kansas, Oklahoma, and New York. Such liability, together with this Commission's powers to rescind or limit interLATA authority or otherwise impose penalties for violations of legal duties, makes "backsliding" after Southwestern Bell enters the interLATA market in Arkansas and Missouri exceedingly unlikely. Southwestern Bell has an overwhelming incentive to fulfill all the obligations described in this Joint Application, if for no other reason than its performance in Arkansas and Missouri will be subject to repeated review when SBC seeks

section 271 relief elsewhere. In fact, in Texas, there has been no evidence of backsliding after Southwestern Bell received section 271 relief, even though the volume of CLEC activity has increased substantially.

Southwestern Bell, the Arkansas PSC, the Missouri PSC, and CLECs have worked together to make the local markets in both Arkansas and Missouri fully and irreversibly open to competition. This Commission should now do its part and open the long-distance markets in Arkansas and Missouri to full competition.

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ATTACHMENTS

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Attachment 2:	Certifications
Attachment 3:	Guide to State-Specific Discussions in Affidavits Containing Material Common to Both Arkansas and Missouri
Attachment 4:	Status of Federal Court Challenges Under 47 U.S.C. § 252(e)(6)
Attachment 5:	Detailed List of Appendices (Separately Bound)

APPENDICES

Arkansas

Appendix A – AR:	Affidavits
Tab 1.	Edward Allis (Arkansas Public Service Commission Proceedings)
Tab 2.	Gary E. Caraway (Access to Poles, Ducts, Conduits, and Rights-of-Way)

- Tab 3. Joe Carrisalez
(Separate Affiliate Compliance)
- Tab 4. Carol A. Chapman
(Unbundled Local Loops)
- Tab 5. Daniel J. Coleman, William R. Dysart, and David R. Smith
(Nondiscriminatory Access to SWBT's Loop Maintenance Operations System)
- Tab 6. William C. Deere
(Interconnection; Access to Network Elements; Unbundled Local Loops; Local Transport; Local Switching; Access to 911, E911, Directory Assistance, and Operator Call Completion Services; Access to Databases and Associated Signaling Necessary for Call Routing and Completion; Number Portability; Local Dialing Parity; Other Network-Related Issues)
- Tab 7. William R. Dysart
(Performance Monitoring)
- Tab 8. Michael E. Flynn
(Billing)
- Tab 9. John S. Habeeb
(Operations of SBC's Separate Advanced Services Affiliate)
- Tab 10. Derrick F. Hamilton
(Access to Mechanized Actual Loop Qualification Information)
- Tab 11. Robert Henrichs
(Accounting Safeguards Compliance)
- Tab 12. Michael Kelly
(Ernst & Young's LMOS Review)
- Tab 13. Beth Lawson
(Access to Electronic OSS)
- Tab 14. Dale Lundy
(Cost Studies)
- Tab 15. Thomas J. Makarewicz
(Cost and Pricing Issues)

- Tab 16. Jeffrey A. Mondon
(Number Portability)
- Tab 17. Jeffrey A. Mondon
(Access to Telephone Numbers)
- Tab 18. Brian D. Noland
(Local Services Center)
- Tab 19. Jan D. Rogers
(Access to 911, Operator Services, Directory Assistance;
Access to White Pages Directory Listings; Access to
Databases and Associated Signaling)
- Tab 20. David R. Smith
(Local Operations Center)
- Tab 21. J. Gary Smith
(Local Competition and Track A Compliance)
- Tab 22. Rebecca L. Sparks
(Interconnection; Access to Network Elements; Unbundled Local
Transport; Unbundled Local Switching; Reciprocal Compensation for
the Exchange of Local Traffic; Resale)
- Tab 23. Bill E. VanDeBerghe
(Access to Legacy OSS and Work Groups)
- Tab 24. Linda G. Yohe
(SWBT Section 272 Compliance)

Appendix B - AR: Selected Interconnection Agreements

Appendix C - AR: Selected Portions of the Record of the Arkansas Public Service
Commission, Docket Nos. 98-048-U and 00-211-U
(Section 271 Proceedings)

Appendix D - AR: Accessible Letters

Appendix E - AR: Selected Documents

Missouri

Appendix A – MO: Affidavits

- Tab 1. Gary E. Caraway
(Access to Poles, Ducts, Conduits, and Rights-of-Way)
- Tab 2. Joe Carrisalez
(Separate Affiliate Compliance)
- Tab 3. Carol A. Chapman
(Unbundled Local Loops)
- Tab 4. Daniel J. Coleman, William R. Dysart, and David R. Smith
(Nondiscriminatory Access to SWBT's Loop Maintenance Operations System)
- Tab 5. William C. Deere
(Interconnection; Access to Network Elements; Unbundled Local Loops; Local Transport; Local Switching; Access to 911, E911, Directory Assistance, and Operator Call Completion Services; Access to Databases and Associated Signaling Necessary for Call Routing and Completion; Number Portability; Local Dialing Parity; Other Network-Related Issues)
- Tab 6. William R. Dysart
(Performance Monitoring)
- Tab 7. Michael E. Flynn
(Billing)
- Tab 8. John S. Habeeb
(Operations of SBC's Separate Advanced Services Affiliate)
- Tab 9. Derrick F. Hamilton
(Access to Mechanized Actual Loop Qualification Information)
- Tab 10. Robert Henrichs
(Accounting Safeguards Compliance)
- Tab 11. Thomas F. Hughes
(Missouri Public Service Commission Proceedings)
- Tab 12. Michael Kelly
(Ernst & Young's LMOS Review)

- Tab 13. Alan G. Kern
(CLEC Review of SWBT's Missouri Cost Studies and Models)
- Tab 14. Beth Lawson
(Access to Electronic OSS)
- Tab 15. Thomas J. Makarewicz
(Cost and Pricing Issues)
- Tab 16. Jeffrey A. Mondon
(Number Portability)
- Tab 17. Jeffrey A. Mondon
(Access to Telephone Numbers)
- Tab 18. Philip G. Naughton
(Depreciation)
- Tab 19. Brian D. Noland
(Local Services Center)
- Tab 20. Jan D. Rogers
(Access to 911, Operator Services, Directory Assistance;
Access to White Pages Directory Listings; Access to Databases and
Associated Signaling)
- Tab 21. Barbara A. Smith
(Cost Studies)
- Tab 22. David R. Smith
(Local Operations Center)
- Tab 23. Rebecca L. Sparks
(Interconnection; Access to Network Elements; Unbundled Local
Transport; Unbundled Local Switching; Reciprocal Compensation for
the Exchange of Local Traffic; Resale)
- Tab 24. David R. Tebeau
(Local Competition and Track A Compliance)
- Tab 25. Bill E. VanDeBerghe
(Access to Legacy OSS and Work Groups)
- Tab 26. Linda G. Yohe
(SWBT Section 272 Compliance)

- Appendix B - MO: Selected Interconnection Agreements*
- Appendix C - MO: Selected Portions of the Record of the Missouri
Public Service Commission*
Case No. TO-99-227
(Section 271 Proceeding)
- Appendix D - MO: Selected Portions of the Record of the Missouri
Public Service Commission*
Case No. TT-2001-298
(Collocation Proceeding)
- Appendix E - MO: Accessible Letters*
- Appendix F - MO: OSS Accessible Letters*
- Appendix G - MO: Selected Documents*
- Appendix H - MO: Supplemental Material

* As submitted on April 4, 2001, in CC Docket No. 01-88.

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

Joint Application by SBC Communications
Inc., Southwestern Bell Telephone Company,
and Southwestern Bell Communications
Services, Inc. d/b/a Southwestern Bell Long
Distance for Provision of In-Region,
InterLATA Services in Arkansas and Missouri

CC Docket No. _____

To: The Commission

**BRIEF IN SUPPORT OF THE JOINT APPLICATION
BY SOUTHWESTERN BELL FOR PROVISION OF IN-REGION,
INTERLATA SERVICES IN ARKANSAS AND MISSOURI**

INTRODUCTION

Pursuant to section 271(d)(1) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, Pub. L. No. 104-104, § 151(a), 110 Stat. 89 (“1996 Act” or “Act”), SBC Communications Inc. (“SBC”) and its subsidiaries Southwestern Bell Telephone Company (“SWBT”) and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance (“SBCS”) – collectively, “Southwestern Bell” – seek authority to provide in-region, interLATA services (including services treated as such under 47 U.S.C. § 271(j)) in the States of Arkansas and Missouri.¹

¹ Just as Southwestern Bell’s Kansas/Oklahoma 271 filing (CC Docket No. 00-217) was labeled a “joint application,” this filing is, in fact, two separate applications for section 271 relief. The statute contemplates the possibility of a single application for more than one state, see 47 U.S.C. § 271(d)(1), and Southwestern Bell’s purpose in filing this “Joint Application” is to simplify the presentation of common issues and to permit both this Commission and interested

This filing follows years of work by SWBT to replace systems and operating procedures that had been designed for a franchised monopoly environment with systems and procedures that serve CLECs and their customers on a nondiscriminatory basis.² As this Commission has already concluded three times – in its orders approving the section 271 applications for Texas, Kansas, and Oklahoma – Southwestern Bell has presented evidence demonstrating that SWBT provides nondiscriminatory access to the systems and processes that allow CLECs to formulate and place orders for network elements or resale services, to install service to their customers, to maintain and repair network facilities, and to bill customers. See Texas Order,³ 15 FCC Rcd at 18400, ¶ 99; Kansas/Oklahoma Order ¶ 106. The evidence presented with this Joint Application confirms what this Commission has already found to be true in Texas, Kansas, and Oklahoma: that, in Arkansas and Missouri, SWBT's procedures and processes ensure nondiscriminatory access to the same systems. See Lawson MO Aff. ¶¶ 13-20 (App. A – MO, Tab 14); Lawson AR Aff. ¶¶ 13-20 (App. A – AR, Tab 13); D. Smith MO Aff. ¶¶ 4-31 (App. A – MO, Tab 22); D. Smith AR Aff. ¶¶ 4-31 (App. A – AR, Tab 20); VanDeBerghe MO Aff. ¶¶ 9-34 (App. A – MO,

parties to reduce unnecessary duplication of effort. The application for section 271 relief in Arkansas is independent of the application for section 271 relief in Missouri, and both applications should be reviewed separately and on their own terms. However, in order to facilitate review of these separate applications, Southwestern Bell has included as Attachment 3 to this Brief a guide to state-specific discussions that are included in those affidavits that contain substantial amounts of material that is common to both Arkansas and Missouri. Finally, Southwestern Bell will soon file with the FCC applications for authorization under 47 U.S.C. § 214 to provide international services originating in both Arkansas and Missouri.

² Pursuant to the Public Notice, Updated Filing Requirements for Bell Operating Company Applications Under Section 271 of the Communications Act, DA 01-734, at 3 (FCC rel. Mar. 23, 2001), Southwestern Bell is providing a copy of the Joint Application materials on its web site at <http://www.sbc.com>.

³ Memorandum Opinion and Order, Application by SBC Communications Inc., et al., Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services In Texas, 15 FCC Rcd 18354 (2000).

Tab 25); VanDeBerghe AR Aff. ¶¶ 9-34 (App. A – AR, Tab 23). See generally Noland MO Aff. (App. A – MO, Tab 19); Noland AR Aff. (App. A – AR, Tab 18).

Both the Arkansas PSC and the Missouri PSC have been actively involved in reviewing the efforts of SWBT to adapt its systems to the new, wholesale environment. Both state commissions drew on work already done in Texas to ensure that their consideration of SWBT's applications would meet all four criteria for authoritativeness listed in this Commission's New York Order⁴ and Texas Order. As described throughout this Joint Application, both the Arkansas PSC and the Missouri PSC assembled a record including:

- participation by all interested parties in years of proceedings relating to section 271;
- reliance on extensive third-party testing of certain of SWBT's systems, processes, and procedures, carried out under the auspices of the Texas and Missouri Commissions;
- the results of technical conferences, hearings, and workshops before the Texas, Missouri, and Arkansas Commissions in which SWBT and CLECs worked through implementation issues; and
- comprehensive performance monitoring and enforcement mechanisms, with severe penalties for performance failures.

I. THE ARKANSAS PROCEEDINGS

The Arkansas PSC began its review of a partial draft section 271 application on February 24, 1998, and a complete draft application on April 17, 1998. Based upon the record developed through review of the draft application, including hearing testimony from all parties, the Arkansas PSC issued a consultation report assessing SWBT's 271 compliance on August 28, 1998. See App. C – AR, Tab 59 (“1998 Consultation Report”); Allis AR Aff. ¶ 9 (App. A – AR, Tab 1). In the 1998 Consultation Report, the Arkansas PSC concluded that SWBT had satisfied

⁴ Memorandum Opinion and Order, Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York, 15 FCC Rcd 3953 (1999).